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ANNUAL REPORT TO STOCKHOLDERS



1940

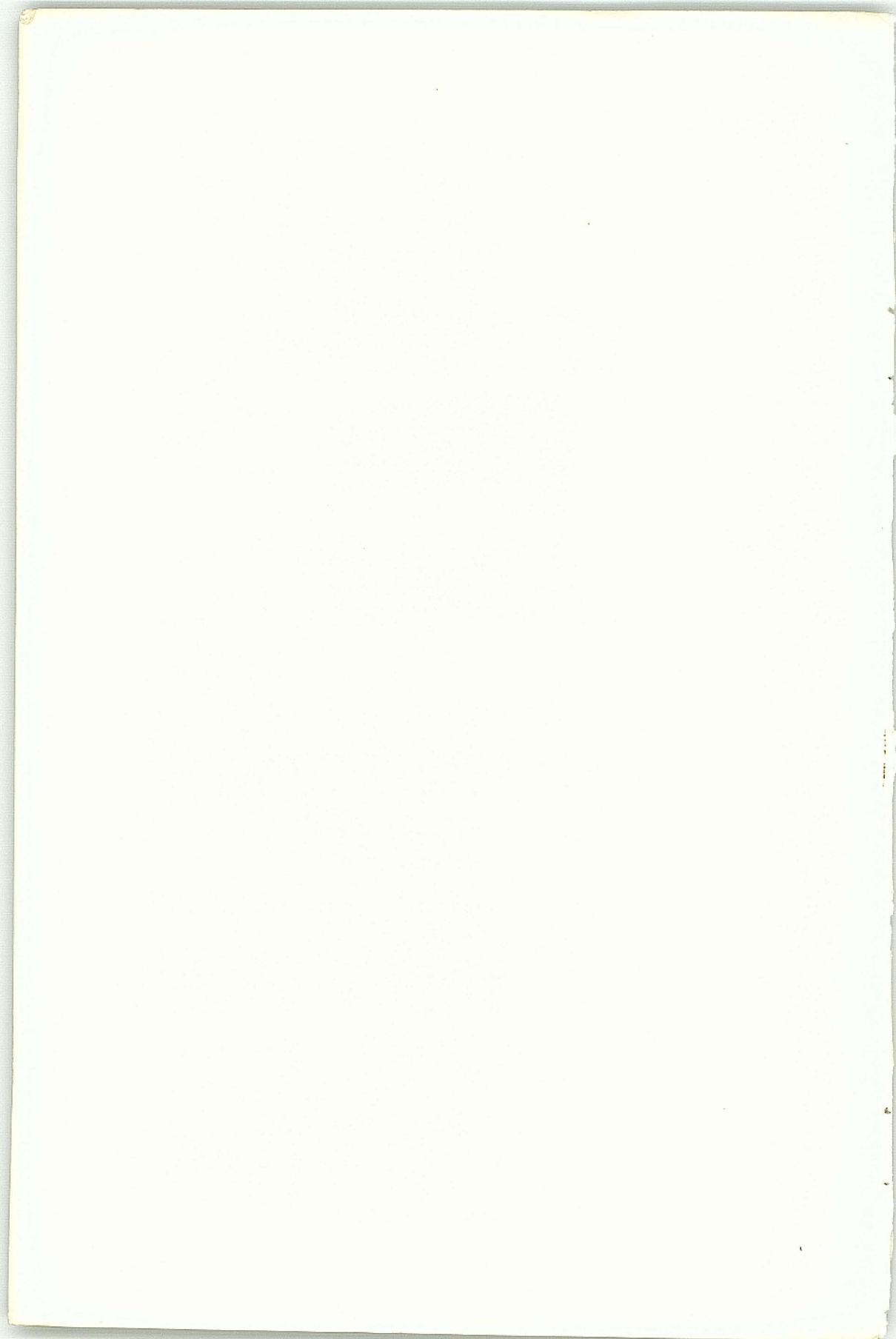
THE COCA-COLA COMPANY
WILMINGTON, DELAWARE

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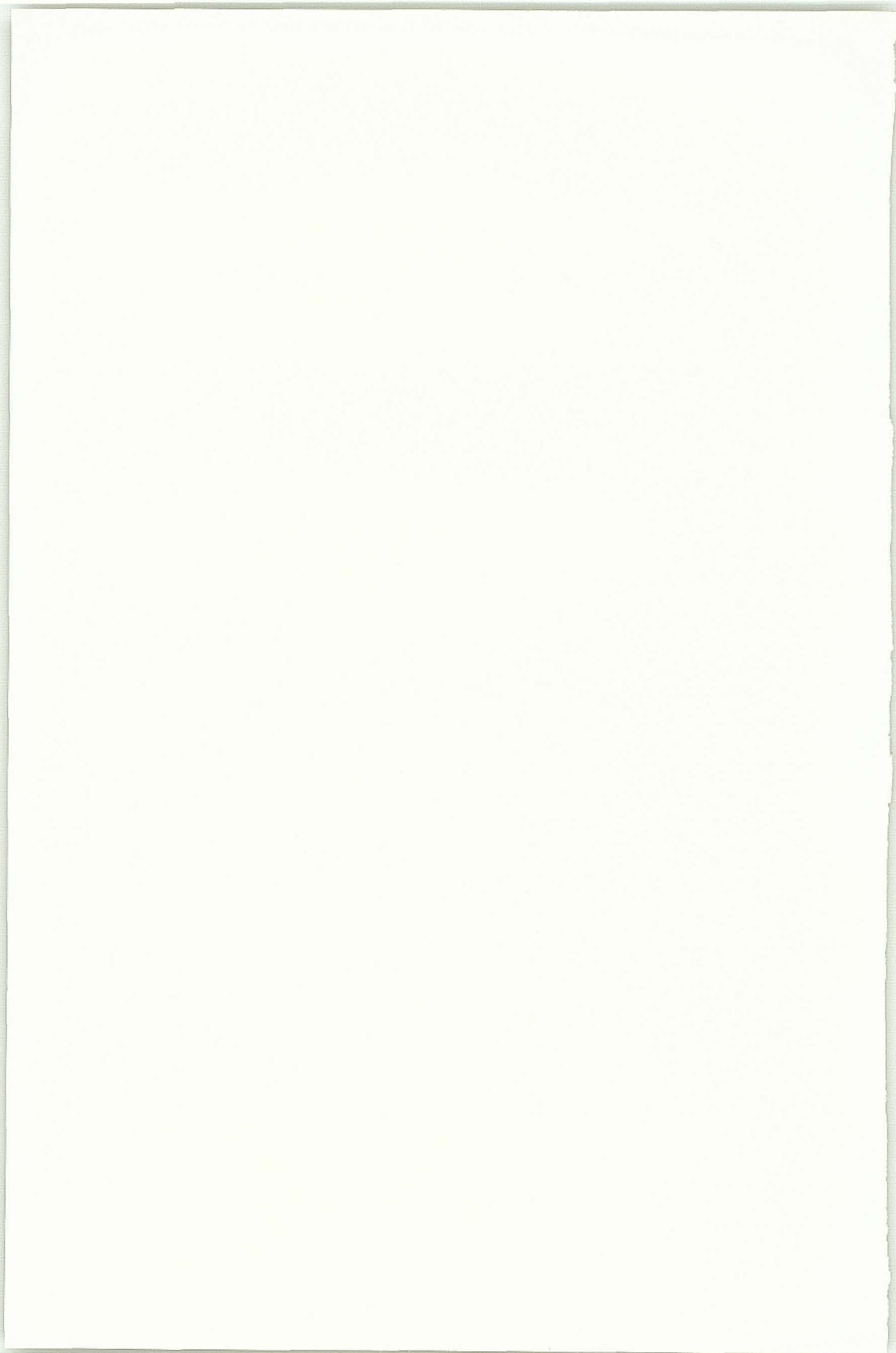


ANNUAL REPORT

THE COCA-COLA COMPANY
AND ITS SUBSIDIARIES



FOR THE YEAR
1940



THE COCA-COLA COMPANY

WILMINGTON, DELAWARE

TO THE STOCKHOLDERS OF
THE COCA-COLA COMPANY:

The consolidated balance sheet and statement of operations for 1940 are submitted herewith. Net earnings applicable to common stock after taxes, Class "A" dividends, reserves and all charges were \$27,084,752.20.

Expanded manufacturing facilities and increased reserves have further strengthened the Company's position. Enlarged inventories and commitments reflect improved provision for future production. Foreign operations, despite unsettled world conditions, continue, as a whole, to progress.

The Company has acquired the entire capital stock of two parent bottling concerns, The Coca-Cola Bottling Company and The Dallas Company, engaged in distributing Coca-Cola syrup in several Southwestern states.

In this fifty-sixth year of Coca-Cola, our continuing purpose is to conserve and enlarge that public acceptance which has enabled the Company, again in 1940, to attain the largest volume of business in its history.

Yours respectfully,
R. W. WOODRUFF,
Chairman.

CONSOLIDATED
THE COCA-COLA COMPANY AND I
(European subsidiar
December

ASSETS

CURRENT:

Cash on deposit and on call . . .	\$ 9,483,097.39	
Government securities—at cost, United States and Canadian— (Market value \$5,104,596.24) . .	5,095,772.22	
Accounts receivable—trade (less re- serve of \$35,421.07)	4,936,932.87	
Inventory — merchandise including sugar stored in bonded warehouses (Priced at lower of cost or market)	27,995,179.15	\$ 47,510,981.63

INVESTMENTS IN AND ADVANCES TO FOREIGN SUBSIDIARIES NOT CONSOLIDATED—Net	2,199,292.88
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OTHER INVESTMENTS AND OTHER ASSETS:

Securities of affiliated domestic com- panies not consolidated—at cost . .	\$ 74,500.00	
Accounts due from affiliated domestic companies not consolidated	434,530.25	
Other securities investments—at cost (Market value \$1,494,593.75) . .	570,274.60	
Other receivables and miscellaneous	1,026,875.99	2,106,180.84

PROPERTY, PLANT AND EQUIPMENT—At Cost:

Land	\$ 2,404,296.52	
Buildings	12,668,624.25	
Machinery and equipment	8,059,475.40	
Containers	3,123,219.19	
	<u>\$26,255,615.36</u>	
Less reserve for depreciation . . .	6,147,083.82	20,108,531.54

FORMULAE, TRADE MARK AND GOODWILL—

At Cost	34,917,302.49
DEFERRED CHARGES	921,553.21
	<u>\$107,763,842.59</u>

NOTE—Assets of foreign subsidiaries consolidated in this balance sheet consist of net current, \$5,071,714.19; property, plant and equipment at depreciated cost, \$3,549,844.93; and other assets, \$750,508.29. Fixed assets are stated at rates of exchange prevailing at dates of acquisition, and net current and all other assets at rates of exchange prevailing at December 31, 1940. Earned surplus includes \$7,639,701.08 accumulated earnings of foreign subsidiaries consolidated herein.

BALANCE SHEET

ASSETS OF WHOLLY OWNED SUBSIDIARIES

(Companies not consolidated)

As of December 31, 1940

LIABILITIES

CURRENT:

Accounts payable	\$ 3,731,635.39	
Accrued expenses	45,632.18	
Accrued taxes—including income, excess profits and capital stock taxes	<u>13,451,157.75</u>	\$ 17,228,425.32

RESERVE:

For contingencies and miscellaneous operations		14,404,318.39
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CAPITAL STOCK:

Class "A"—No par value:

\$3.00 preference dividend cumulative, callable at \$52.50 per share.

Authorized and originally

issued . . . 1,000,000 shares

Less retired . . 400,000 shares

Issued and outstanding . . . 600,000 shares	\$ 3,000,000.00
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Common—No par value:

Authorized and

issued . . . 4,000,000 shares

25,000,000.00

\$28,000,000.00

SURPLUS—Earned	<u>48,131,098.88</u>	76,131,098.88
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\$107,763,842.59

CONSOLIDATED PROFIT AND LOSS STATEMENT
THE COCA-COLA COMPANY AND ITS WHOLLY OWNED SUBSIDIARIES
(European subsidiaries not consolidated)

Year ended December 31, 1940

GROSS PROFIT	\$64,871,774.58
EXPENSES	
Selling, branch, administrative and general	21,645,920.15
OPERATING PROFIT	\$43,225,854.43
Other deductions	\$2,470,852.01
Less other income	649,749.78
	1,821,102.23
PROFIT BEFORE TAXES ON INCOME	\$41,404,752.20
Provision for income and excess profits taxes—estimated	12,520,000.00
NET PROFIT	<u>\$28,884,752.20</u>

NOTE (a)—Provision of \$1,175,339.12 for depreciation was charged to manufacturing and other expenses. Other deductions include interest paid \$12,243.20, and \$1,392,838.57 for additions to the reserve for contingencies and miscellaneous operations.

NOTE (b)—Net earnings of foreign subsidiaries consolidated herein and included in net profit shown above were remitted in United States funds.

CONSOLIDATED SURPLUS ACCOUNT

BALANCE—December 31, 1939	\$41,005,846.68
Net profit for the year ended December 31, 1940	28,884,752.20
	<u>\$69,890,598.88</u>

DEDUCTIONS

Dividends paid in cash:

CLASS "A":

June 29, 1940—\$1.50 per share	\$ 900,000.00	
Dec. 14, 1940—\$1.50 per share	900,000.00	\$ 1,800,000.00

COMMON:

Mar. 30, 1940—\$.75 per share	\$ 3,000,000.00
June 29, 1940—\$.75 per share	3,000,000.00
Sep. 30, 1940—\$.75 per share	3,000,000.00
Dec. 14, 1940—\$.75 per share	
plus \$2.00 per share extra	11,000,000.00
	<u>\$20,000,000.00</u>

Less dividends on stock owned by Company during the year	40,500.00	19,959,500.00
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TOTAL DIVIDENDS PAID	21,759,500.00
SURPLUS—December 31, 1940	<u>\$48,131,098.88</u>

ERNST & ERNST

ACCOUNTANTS AND AUDITORS

SYSTEM SERVICE

TO THE BOARD OF DIRECTORS
THE COCA-COLA COMPANY
Wilmington, Delaware

We have examined the consolidated balance sheet of THE COCA-COLA COMPANY and its wholly owned subsidiaries (excluding subsidiaries in European countries) as of December 31, 1940, and the related consolidated statements of profit and loss and surplus for the year then ended, have reviewed the system of internal control and the accounting procedures of the Company and its domestic subsidiaries and, without making a detailed audit of the transactions, have examined or tested accounting records of these companies and other supporting evidence by methods and to the extent we deemed appropriate.

Statements as of December 31, 1940, for subsidiaries in Canada and Cuba, and at either October 31st or November 30, 1940, for other foreign subsidiaries consolidated herein, were furnished us as certified by other independent auditors. Current assets of subsidiaries in foreign countries, other than Canada, Cuba and Mexico, are included in the current classification only to the extent of their liabilities. On account of prevailing conditions, subsidiaries in European countries have been excluded from the consolidated financial statements and are stated in the balance sheet in the amount of the investments in and advances to these subsidiaries less net losses absorbed in prior years. Contingency reserves are available to the extent necessary to apply against such investments and advances.

In our opinion, based upon our examination and the statements of foreign subsidiaries consolidated, above referred to, the accompanying balance sheet and related statements of profit and loss and surplus present fairly the position of THE COCA-COLA COMPANY and consolidated subsidiaries at December 31, 1940, and the consolidated results of their operations for the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year, except for the elimination from consolidation of subsidiaries referred to in the preceding paragraph.

ERNST & ERNST.

March 10, 1941.

THE COCA-COLA COMPANY

BOARD OF DIRECTORS

A. A. ACKLIN	EDWARD FINLAY	E. W. STETSON
W. C. BRADLEY	T. K. GLENN	W. C. TEAGLE
C. H. CANDLER	J. P. ILLGES	D. A. TURNER
W. C. D'ARCY	HARRISON JONES	C. A. WICKERSHAM
S. C. DOBBS	WINSHIP NUNNALLY	GEO. W. WOODRUFF
MRS. LETTIE P. EVANS	C. J. ROOT	R. W. WOODRUFF
	J. B. CAMPBELL (deceased)	

EXECUTIVE COMMITTEE

	R. W. WOODRUFF, <i>Chairman</i>	
W. C. BRADLEY	W. C. D'ARCY	E. W. STETSON
C. H. CANDLER	T. K. GLENN	GEO. W. WOODRUFF

OFFICERS

R. W. WOODRUFF	<i>Chairman Board of Directors</i>
W. C. BRADLEY	<i>Chairman Advisory Committee</i>
A. A. ACKLIN	<i>President</i>
HARRISON JONES	<i>Vice-President</i>
RALPH HAYES	<i>Vice-President</i>
DESALES HARRISON	<i>Vice-President</i>
W. P. HEATH	<i>Vice-President</i>
PRICE GILBERT, JR.	<i>Vice-President</i>
W. N. COCHRAN	<i>Vice-President</i>
B. NEAL HARRIS	<i>Vice-President</i>
T. CARL THOMPSON	<i>Vice-President</i>
HOMER B. THOMPSON	<i>Vice-President</i>
HAROLD S. SHARP	<i>Vice-President</i>
S. F. BOYKIN	<i>Vice-President and Treasurer</i>
GEO. T. ADAMS	<i>Vice-President and Secretary</i>

GENERAL COUNSEL

JOHN A. SIBLEY

TRANSFER AGENTS

WILMINGTON TRUST COMPANY <i>Wilmington, Delaware</i>
GUARANTY TRUST COMPANY OF NEW YORK <i>New York, N. Y.</i>

REGISTRARS

EQUITABLE TRUST COMPANY <i>Wilmington, Delaware</i>
CHASE NATIONAL BANK <i>New York, N. Y.</i>

